

SPECIAL REPORT

NBA '90: NBC, TNT AND LOCAL RIGHTS TOP \$320 MILLION

For the 1990-91 season, the National Basketball Association will collect approximately \$218.8 million in national television rights fees from NBC and Turner Broadcasting—a whopping 2.9 times more than the \$74.5 million paid by CBS and Turner last season.

Add to that aggregate team-by-team local rights, which are expected to rise 22% above last season's \$85 million to about \$104 million—\$82 million from over-the-air and cable TV stations and \$22 million from local radio—and “a modest amount” from ABC Radio for its carriage of the All-Star game and championship series.

The NBA's total TV and radio revenue for the coming season should break the \$320 million per season barrier.

When NBC Sports executives met in August 1989, about 10 months after losing Major League Baseball to CBS, the NBA was made acquisition “target number one,” according to Ken Schanzer, executive vice president of NBC Sports. At the time, NBC was hopeful but uncertain, he said, that CBS would pass on its right to meet an NBA rights figure before the league could offer it elsewhere. Hope turned to reality last November when CBS passed on the NBA's figure, thereby opening the door for NBC to seal a four-year, \$600 million package (at \$150 million per season) that begins this fall. “We loved baseball, but in business terms,” said Schanzer, NBC traded a “mature product priced at its margin” for “demonstrably the fastest growing...undervalued” sports product in the U.S.

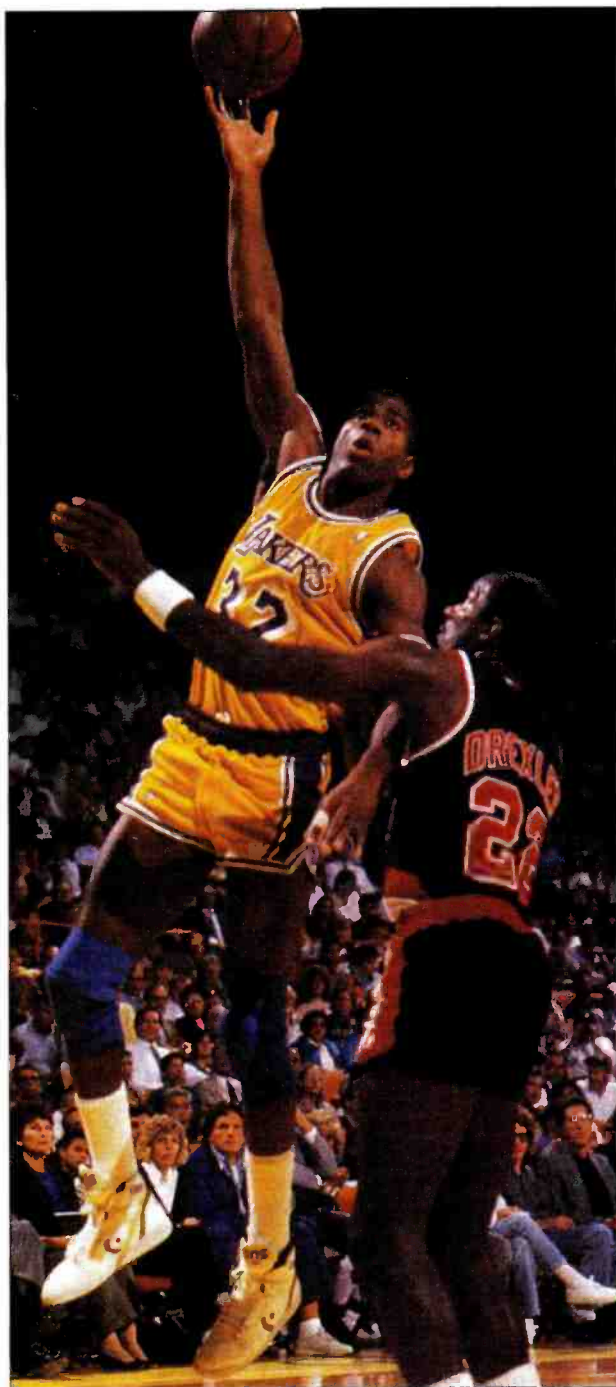
Like NBC, Turner Broadcasting System is bullish about the prospects for its new four-year, \$275 million NBA deal (also beginning this fall), if not in terms of instant profit from ad sales, certainly in terms of further boosting TNT's subscriber base. Although the \$68.8 million-per-year price tag means a 175% jump in rights over the previous two-year \$50 million contract, Turner has pledged no per-subscriber surcharge to cover that cost.

NBA on NBC: 'More demand than supply'

NBC's average \$150 million per season rights fee to the NBA represents a 241% increase over the \$44 million paid by CBS, but NBC Sports President Dick Ebersol said at the time the deal was signed that NBC will “break even or make a profit.”

Schanzer expressed yet greater certainty last week, saying: “We will make a profit this year.” Mainly he pointed to growing NBA popularity. The average regular season ratings/share rose from 5.8/18 in 1981-82 to 6.1/17 in 1984-85 to 6.2/17 in 1988-89, and the NBA Championship Finals rose from 13.0/28 to 15.5/28 to 16.2/30 in those same seasons, according to NBC. According to CBS, however, the season rating average dropped to 5.2 and the five-game championship to 12.3 last season.

But, said Schanzer, NBC “made the deal based on the belief that the NBA had been very undervalued.” If NBC was “wholly unprepared to stretch the rights to anywhere near” the \$250 million per season CBS is now paying for Major League





NBC's NBA pregame host Pat Riley (c), flanked by NBC Sports President Dick Ebersol (r) and executive producer Terry O'Neil

Baseball—"a figure greatly out of proportion to its value," he said—it was prepared to pay for a growing sports product that "controls the marketplace," Schanzer said. "There is much more demand than supply" for the NBA, he said.

So far, the demand from advertisers has come in the forms of an exclusive deal with Miller beer and eight exclusives with eight automakers—one domestic and one import manufacturer for each of the four quarters of each game. Higher ad rates accrue from NBC's belief that the game had been undervalued, said Schanzer. And although NBC will not put more spots into each game, its overall NBA ad inventory will be larger than CBS's, with the addition of a half-hour pre-game show preceding every matchup, as well as the weekly half-hour early Saturday afternoon NBA show produced by the league, the latter constituting "something like" a 50-50 barter agreement between NBC and the NBA, he said. NBC will also broadcast more of the post season—four conference final games, formerly shown on cable, which should command higher rates than regular season games.

"We are," said Schanzer, "very confident about the viability of this package."

Most of the 22 games on 18 dates in NBC's regular season schedule will air on Sunday at noon, 12:30, 1 or 3 p.m. ET, but the schedule will also include a handful of Saturday games and four doubleheaders (all on Sundays), as well as a Christmas Day rematch between last year's Eastern Conference teams, Detroit and Chicago, and a Monday, Feb. 18, game. All of the 18 dates will feature national telecasts.

NBC coverage of the game this fall will comprise only three dates, debuting Saturday, Oct. 13, at 3 p.m. ET, with the McDonald's Open, matching the New York Knicks against a European team in Barcelona, where NBC will televise the 1992 summer Olympics. A Saturday, Nov. 3, game and the Christmas Day game are the only contests scheduled until regular weekly telecasts begin at noon, Sunday, Jan. 27, with the Lakers playing the Celtics in Boston. April 21 will be the last regular season Sunday game.

In addition to the 22 regular season matchups, NBC will air the 41st NBA All-Star Game from Charlotte, N.C., on Sunday, Feb. 10, at 1 p.m. ET. And up to 30 post-season games will appear on NBC, depending on how long each best-of-seven season goes.

In the booth for NBC's first NBA season will be former Lakers head coach Pat Riley, hosting the pregame show preceding each game; Bob Costas hosting each telecast and sharing the top play-by-play position with Marv Albert and former Atlanta Hawks head coach Mike Fratello providing analysis throughout the regular and post seasons.

NBA: The sports ingredient in TNT

Just last week, Turner Broadcasting System announced that, on its second anniversary, Turner Network Television (TNT) had passed the 50 million subscriber mark, reaching 50,067,000 households as of Sept. 25. TNT has garnered an average four million new subs per quarter since its debut and is the fastest growing national cable service in history, said TBS.

Turner hopes that the NBA will continue to aid that growth and, in its second season on TNT, recover from ratings losses suffered last year, which both TBS and the league had expected with the move from Turner's superstation WTBS(TV) Atlanta (since 1984) to the brand new basic cable service. Over the past three seasons, the average NBA regular season game rating has dropped from 2.9 to 2.4 (on WTBS) to 2.0 (on TNT); the average post season game rating has also declined from 4.4 to 4.2 (on WTBS) to 3.6 (on TNT).

But with the leap from 40 million TNT subs, when it began carrying the NBA, to 50 million subs at the outset of this season, so confident is Turner that the public will follow the NBA from one channel to the other that, last December, it agreed to the 175% rights increase to \$275 million for the 1990-91 through 1993-94 seasons.

Despite the handful of post-season conference finals that move from TNT to NBC next May, the TNT schedule remains the same with 50 regular season and at least 26 post-season games.



NBC's Schanzer

Unlike NBC, which will not begin weekly NBA telecasts until the last weekend in January, TNT has scheduled 8 p.m. ET games for every Friday and Tuesday from Nov. 2 through mid-April 1991, as well as half a dozen Wednesdays in 1991.

Like NBC, TNT will also open the season in Barcelona with a McDonald's Open doubleheader this Thursday, Oct. 11.

Then the Hall of Fame Game will feature the world champion Detroit Pistons against the Houston Rockets on Oct. 30.

Three doubleheader nights in November will be followed by one doubleheader per month for the remainder of the season until the first post-season wild card game on April 19.

Although the All-Star Game will appear on NBC, Turner will again telecast All-Star Friday Night and All-Star Saturday programming on Friday, Feb. 8, and on Saturday, Feb. 9, 1991, featuring a slam dunk contest among various NBA stars. —PBI

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LOCAL NBA TV AND RADIO COVERAGE

Atlanta Hawks

WTBS(TV) Atlanta
WGNX(TV) Atlanta
SportSouth
WGST(AM) Atlanta

Boston Celtics

WFXT(TV) Boston
SportsChannel Boston
WEEI(AM) Boston

Charlotte

Hornets

WCCB(TV) Charlotte
SportSouth
WBT(AM) Charlotte

Chicago Bulls

WGN-TV Chicago
SportsChannel Chicago
WLUP(AM) Chicago

Cleveland

Cavaliers

WOIO(TV) Shaker Heights,
Ohio
SportsChannel Ohio
WWWE(AM) Cleveland

Indiana Pacers

WXIN(TV) Indianapolis
Prime Sports Network
Midwest
WVDE(AM) Indianapolis

Miami Heat

WBFS-TV Miami
SportsChannel Florida
WQAM(AM) Miami
WRTM(AM) Hialeah (Spanish)

New York

Knicks

Madison Square Garden
Network
WFAN(AM) New York

Orlando Magic

WXCF(TV) Clermont, Fla.
Sunshine Network
WWLZ(AM) Orlando

Philadelphia

76ers

WPHL-TV Philadelphia
Prism
WIP(AM) Philadelphia
WSPJ(AM) Camden, N.J.

Phoenix Suns

KUTP(TV) Phoenix
Dimension Cable
KTAR(AM) Phoenix

Portland

Trailblazers

KOIN-TV Portland
Blazer Cable
KEX(AM) Portland

Dallas

Mavericks

KTVT(TV) Fort Worth
Home Sports Entertainment
WBAP(AM) Fort Worth

Denver Nuggets

KWGN-TV Denver
Prime Sports Network
KOA(AM) Denver

Detroit Pistons

WKBD-TV Detroit
Pro Am Sports
WWJ(AM) Detroit

Golden State

Warriors

KPIX(TV) San Francisco
KICU-TV San Jose, Calif.
Pacific Sports Network
KNBR(AM) San Francisco

Houston

Rockets

KTXH(TV) Houston
Home Sports Entertainment
KTRH(AM) Houston
KXYZ(AM) Houston (Spanish)

Los Angeles

Clippers

KTLA(TV) Los Angeles
(cable negotiations)
KRLA(AM) Pasadena, Calif.

Milwaukee

Bucks

WCGV-TV Milwaukee
WTMJ(AM) Milwaukee

Sacramento Kings

KRBL-TV Sacramento
Pacific West Cable
KFBK(AM) Sacramento

San Antonio

Spurs

KSAT-TV San Antonio, Tex.
Home Sports Entertainment
Paragon Cable (pay per view)
WOAI(FM) San Antonio
KSAH(AM) Universal City, Tex.
(Spanish)

Seattle

Supersonics

KING-TV Seattle
Prime Sports Northwest
KIR(AM) Seattle

Utah Jazz

KSTU(TV) Salt Lake City
KISN(AM) Salt Lake City

Washington

Bullets

WDCA-TV
Home Team Sports
WTOP(AM)

Minnesota

Timberwolves

KSTP(TV) Minneapolis
KTTN(TV) Minneapolis
Prime Sports Upper Midwest

New Jersey

Nets

WWOR-TV Secaucus, N.J.
SportsChannel New York
WNEW(AM) New York

THE OLD COLLEGE (BASKETBALL) TRY

When Federal Trade Commission antitrust attorneys make their case for breaking up the College Football Association television rights "cartel" before an administrative judge beginning next month, they will undoubtedly make some reference to college basketball on TV as an example of a more competitive way of doing things.

Indeed, the outlets and games are many. For the most part, basketball rights negotiating power lies with college conferences, most of which have sold their schedules in layers of picks to national broadcast, national cable, regional broadcast syndication, regional cable and local broadcast entities.

First pick of games in the regular season goes to CBS, ABC and NBC. Second pick goes to Raycom Sports and Entertainment, on the regional over-the-air side, and to ESPN and SportsChannel America in national cable.

In a few cases, the conferences have sold third pick to regional cable sports channels. Most of those cable channels fill out their schedules further with games from conferences outside their regions through affiliation with Prime Network or SportsChannel. Also in many cases, individual local broadcasters and regional channels hold rights to third- or fourth-pick games from individual college team schedules.

In the post season, although ABC, Raycom and ESPN retain rights to some major conference championship games, CBS paid more than \$1 billion last winter to retain rights to all 63 NCAA tournament games through 1997; the early rounds of the tournament had appeared on ESPN (BROADCASTING, Nov. 27, 1989). Now considered a premium annual sports event, the 31 NCAA tournament games televised by CBS gained an average 9.5 rating last March, with the championship game (UNLV vs. Duke) earning a 20.0 rating/31 share, on a par with the previous year's 21.3/33 (an overtime matchup between Michigan and Seton Hall).

Critical mass? Not yet.

If the NCAA tournament has gathered strength, ratings averages for broadcast network regular season schedules have fared less well. In the 1989-90 season, according to CBS, regular season games averaged 3.5 on CBS, continuing a ratings slide from 4.5, 4.2 and 4.1 the three previous seasons, respectively. Dominated by the Big Ten, the nearly 30-game schedule on ABC dropped slightly from 3.3 to 3.2. NBC's mix of ACC and independent school matchups came in last at 2.6.

All told, in the 1990-91 season, the broadcast networks will again telecast about 70 regular season games; ESPN will deliver another 208; Raycom Sports will syndicate about 170 games, and regional cable channels will each carry dozens of games. Some rightsholders agreed there may be too much out there, but none indicated plans to cut back.

"I believe it [college basketball] is overexposed, but it hasn't hurt us," said Tom McElroy, assistant commissioner for the Big East Conference—which holds rights agreements with CBS and ESPN, and also syndicates its own package of games to regional and local outlets in the Big East region. The Big East Television Network begins a two-year deal with Gillette this season, exemplifying the fact that "advertisers are catching on to the value of regionalization"—delivering games where home team interest is strongest, said McElroy. Although he said he "very seriously questions the financial viability" of some basketball schedules, McElroy said "if you have the most exciting product in the region, it's attractive."



On the other hand, ESPN's schedule comprises all national telecasts, yet regular season, prime time ratings rose for the sixth consecutive season in 1989-90, with the Monday night Big East-Big Ten doubleheaders maintaining the schedule's greatest strength. The overall ratings had increased from a 1.4 in 1983-84, to 2.0 in 1988-89. Last season's prime time average reached 2.1, meaning 1.17 million homes, up from one million the previous season. "In this age of proliferation of outlets, that's a very positive statement," said Loren Matthews, senior vice president of programming for ESPN.

Jack Bonanni, ESPN senior vice president of advertising sales, said fourth-quarter college basketball sales are running ahead of last year's pace.

"We have to believe that we haven't oversaturated" the market, Matthews said. "If there is a danger of oversaturation, we're not going to change. We're the all-sports network; I think we have an obligation to bring the national story to the viewer." Matthews argued, however, that the increase in regional cable channel schedules of games from outside the region "feeds the perception" that college basketball is verging on overexposure.

Raycom Sports and Entertainment has also "based its suc-

cess on regionalization and home team appeal," said Ken Haines, executive vice president of the Charlotte-based syndicator which can offer advertisers 75% of the nation through a network of five regional broadcast networks.

Raycom is "in a very secure position" in college basketball, said Haines, as it enters the first year of new five-year agreements with the Southwestern and Metro conferences; the second of six years with the Big Ten; the second of five years with the ACC and the first of four years with the Big Eight.

All told, 155 stations, 85 of them network affiliates, carry Raycom productions of conference games in their regions. The "home team appeal" in the 1989-90 season generated 10.1 average ratings for the Big Eight; 9.8 for the Metro; 9.1 for the ACC; 6.4 for the Big Ten; 4.9 for the SWC and 3.2 for the Pac-10 (where ESPN and Prime Ticket hold sway over broadcast syndication with second pick after ABC's first pick).



ESPN's Matthews



Raycom's Haines

Providing some local avails to affiliates, Raycom's advance sales of national advertising are "very, very good" again this year, said Haines, who noted that, unlike the fourth quarter—which spreads ad dollars out among professional football and baseball and college football—the first quarter is "very secure" for college basketball, since it faces little competition for sports ad budgets.

College schedules: Prime time venues

Whether national or local, broadcast or cable TV, only a handful of notable changes appear between last season and this season's college basketball schedules.

On the national network level, NBC will drastically reduce its schedule from 20 games last season to only four—three Notre Dame and one Big Eight—this season, attributable mainly to NBC's acquisition of the NBA, which it will air on both weekend days. ESPN, with the loss of early NCAA Tournament rounds, will drop from 225 games to around 208. And on the local level, WWOR(TV) New York has wrested rights to two regular season Big East games and to the conference quarterfinals from Madison Square Garden Network.

Although CBS paid big for the NCAA tournament, its signature will remain, and even expand a bit, on the regular season as well, thanks to a new \$20 million four-year rights extension with the Big East and a one-year \$1.9 million deal with the ACC. Big East appearances on CBS will increase from 22 to 24 and, combined with 11 ACC appearances and then the NCAA tournament, will fill gaps left by the NBA on Sundays, January through March. The ACC had appeared on

NBC through last season.

Otherwise, the largest TV players will virtually stand pat. ABC's 25-30-game schedule will continue to feature the Big Ten and Pacific-10. (Next year, however, the Big Ten will jump to CBS, which last summer agreed to pay approximately \$4.7 million per season for 20 annual team appearances, 1991-1994-95.)

Although the network schedules will be concentrated in weekend dayparts, national cable and regional syndication and cable will focus on weeknight prime time.

ESPN last season added a third night to a strategy predicated on placing each conference in a consistent weeknight prime time window. Beginning in the first quarter of 1991, "Big Monday" will again comprise 7:30 and 9:30 p.m. ET doubleheaders featuring Big East, then Big Ten, games (and, sometimes, tripleheaders, with Big West teams starting at 11:30 p.m. ET, 8:30 p.m. PT). "Big Tuesday," created last season, is another doubleheader night showcasing SEC and Big Eight teams. The Big East is also featured on Wednesday nights, along with the ACC. Thursday nights will feature teams from a variety of conferences. In the fourth quarter of 1990, ESPN will, for the second consecutive year, present the Big East-ACC Challenge, a single-elimination tournament between the two conferences telecast as four doubleheaders, Monday through Thursday, the first week of December.

Raycom will again provide the second largest number of games—about 170—through its regional syndication rights to five of the top seven conferences, with most games also appearing in weeknight prime time.

Through a long-term agreement with ESPN, Raycom also sells some of its inventory to national cable. And, through expanding co-ventures with Prime Network, a national consortium of co-owned or affiliated regional cable sports channels, Raycom and Prime Productions also have access to approximately 20 million cable homes.

In most cases, a Prime affiliate unable to gain rights to a conference near home, will, for example, in the Northeast carry Raycom games from the Southeast, Midwest and West Coast—and vice versa—an arrangement, said Haines, that "protects our over-the-air broadcasters" from cable competition in their markets, while also extending conference reach and filling out regional cable schedules. In other cases, Prime takes conference games not taken by Raycom and delivers them to the home audience in the conference's region.

National cable networks other than ESPN and Prime Network planning to cablecast anywhere from 25 to 80 games this season include SportsChannel America (featuring Notre Dame, UNLV and Atlantic 10 games); USA Network (featuring the Diet Pepsi Tournament of Champions in early December); Black Entertainment Television (featuring black college conferences), and superstation WGN-TV Chicago (with DePaul and Illinois University).

Although in a few isolated cases regional cable has wrested second pick positions from national cable and regional broadcast—Prime Ticket and ESPN share second pick of Pac-10 games, and Turner Broadcasting's new SportSouth retains rights to a dozen Southeast Conference games—most regional cable channels have gained rights to some last pick games from individual schools, rather than making deals with the conferences.

Minneapolis-based Midwest Sports Channel (MSC), for example, holds no rights to the Big Ten, but does hold rights to games played by a Big Ten team, the University of Minnesota—after ABC, ESPN and Raycom have taken their Big Ten picks. MSC also cablecasts Big Ten, Pac-10 and other conference games provided through Prime Network.

—PD